

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6933

BILL NUMBER: SB 280

NOTE PREPARED: Jan 2, 2012

BILL AMENDED:

SUBJECT: School Finance.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for the distribution of Basic Tuition Support, Honors Diploma Awards, Primetime Distributions, Special Education Grants, and Career and Technical Education Grants on a state fiscal year basis rather than a calendar year basis, beginning July 1, 2012.

The bill eliminates the specific dollar amounts specified by statute as the maximum amount to be distributed for these purposes. It provides that the maximum amount to be distributed for these purposes in a state fiscal year is the amount appropriated by the General Assembly for that state fiscal year.

The bill provides for the counting of students in September and January of each year. It specifies that the September count applies to distributions made in November and December and in the following January and February. The bill also specifies that the January count applies to distributions made in March, April, May, June, July, August, September, and October of the year in which the January count is made.

The bill also provides that if a school corporation would have received a greater distribution for the months of July, August, September, and October if the September count of students (instead of the January count) had been used for distributions during this period, the school corporation is entitled to an additional distribution in November equal to the difference. It provides that if a school corporation would have received a lower distribution for the months of July, August, September, and October if the September count of students (instead of the January count) had been used for distributions during this period, the school corporation's distributions for November, December, January, and February shall be proportionately reduced so that the total reduction is equal to the difference.

Effective Date: July 1, 2012.

Explanation of State Expenditures: School Formula: The bill would change the current calendar year school formula to a fiscal year formula and change the ADM used in the school formula calculations. Currently, the September 2012 ADM is used for the CY 2013 school formula calculations.

The bill would change the tuition support calculations for CY 2012 and CY 2013. The following table shows which ADM count is used in the current law and what the change would be under this bill.

Distribution Month 2012	Current Law 2012	Proposed 2012	Adjusted ADM 2012	Distribution Month 2013	Current Law 2013	Proposed 2013	Adjusted ADM 2013
January	Sept 2011	Sept 2011	Sept 2011	January	Sept 2012	Sept 2012	Sept 2012
February	Sept 2011	Sept 2011	Sept 2011	February	Sept 2012	Sept 2012	Sept 2012
March	Sept 2011	Sept 2011	Sept 2011	March	Sept 2012	Jan 2013	Jan 2013
April	Sept 2011	Sept 2011	Sept 2011	April	Sept 2012	Jan 2013	Jan 2013
May	Sept 2011	Sept 2011	Sept 2011	May	Sept 2012	Jan 2013	Jan 2013
June	Sept 2011	Sept 2011	Sept 2011	June	Sept 2012	Jan 2013	Jan 2013
July	Sept 2011	Sept 2011	Sept 2012	July	Sept 2012	School Formula Expires July 1, 2013, Under This Bill	
August	Sept 2011	Sept 2011	Sept 2012	August	Sept 2012		
September	Sept 2011	Sept 2011	Sept 2012	September	Sept 2012		
October	Sept 2011	Sept 2011	Sept 2012	October	Sept 2012		
November	Sept 2011	Sept 2012	Sept 2012	November	Sept 2012		
December	Sept 2011	Sept 2012	Sept 2012	December	Sept 2012		

Generally, the January ADM count has about 5,000 to 7,000 students less than the previous September ADM. The ADM used in the primetime calculations would change in a like manner.

Adjusted ADM: Schools, including charter schools, could have their November through February distributions adjusted if the September 2012 ADM is different from their September 2011 ADM. In October of 2012, the difference in the FY 2013 tuition support for July through October is determined using the September 2012 ADM and the September 2011 ADM. If the difference is positive, then the November distribution is increased by the difference. If the difference is negative, then the November through February distributions are reduced by 1/4 of the difference.

The counts used in the school formula for special education and career and technical education would also change to two counts taken in September and January like the ADM counts. The counts used in the school formula for the honors grants would not change. The special education count date is currently December 1 for the state and federal special education counts; the career and technical education count is taken in September at the time of the ADM count; and the honors count is the number of honors diplomas granted the previous school year.

The following chart summarizes the impact on local schools.

	FY 2013
Tuition Support Change	\$28.0 M
# of Schools with Decreased Tuition Support	144
# of Schools with Same Tuition Support	0
# of Schools with Increased Tuition Support	214

If the new fiscal year school formula causes the fiscal year distribution to exceed the fiscal year appropriation, then all the distributions would be proportionally reduced. The FY 2013 appropriation is \$6,309.8 M. The percentage reduction would be about 0.44% of the schools' 2013 tuition support distribution.

Charter School Startup: The change of using the September ADM for the July through December tuition support calculations would allow new charter schools to receive tuition support beginning in November of the calendar year they open instead of waiting until the following January. The provision would increase the tuition support estimate for new charter schools by about \$8.9 M for FY 2013.

This provision could eliminate the need for a charter school to borrow from the Common School Fund. Currently, a charter school does not receive tuition support until the January after they begin operation, so there is a six-month period they do not receive tuition support. Charter schools may still need some short-term borrowing until they receive their November tuition support. Currently, 58 charter schools have borrowed about \$75.6 M from the Common School Fund.

Calendar Year Reference: The bill changes references from a school calendar year to a state fiscal year for the administrative fee a charter school sponsor may charge a charter school. The provision should have little fiscal impact.

The bill changes references for calendar year tuition support to fiscal year tuition support. The impact should be minor.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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